

*Periodic Report on the National Emergency
With Respect to the 1979 Iranian Emergency and Assets Blocking*

I hereby report to the Congress on developments over the past six months concerning the national emergency with respect to Iran that was declared in Executive Order 12170 of November 14, 1979. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) ("IEEPA"), and Executive Order 13313 of July 31, 2003. This report covers events through September 30, 2003.

1. There have been no amendments to the Iranian Assets Control Regulations, 31 CFR Part 535 ("IACR"), since the President's last report.

2. The Iran-U.S. Claims Tribunal (the "Tribunal"), established at The Hague pursuant to the Algiers Accords, has completed resolution of all of the private claims of U.S. nationals against Iran. However, a request for reconsideration of one of the awards is pending. The focus of the Tribunal is now the arbitration of claims between the two governments. The total number of awards rendered by the Tribunal in cases involving nationals tallies at 600, the majority of which were in favor of U.S. claimants. The last award was paid to a U.S. claimant on May 2, 2003, in the amount of \$4,549,309.99. Including this award, the total

value of all awards to successful U.S. claimants paid from the Security Account held by the NV Settlement Bank was \$2,520,292,845.70.

Iran continues to fail to replenish the Security Account established by the Algiers Accords to ensure the payment of awards rendered against it. Since November 5, 1992, the Security Account has continuously remained below the \$500 million balance required by the Algiers Accords. As of September 30, 2003, the total amount in the Security Account was \$88,696,793.12 and the total amount in the Interest Account was \$54,683,088.46. Because Iran continues to fail to comply, the United States is actively pursuing Case No. A/33 to require Iran to replenish the Security Account immediately and maintain it at or above \$500 million until all claims against Iran are resolved. On September 29-30, 2003, the Tribunal held a hearing in this case, in which U.S. officials argued that Iran was in breach of the Algiers Accords and that the Tribunal should order Iran's compliance. We are presently awaiting a decision from the Tribunal.

The United States also continues to pursue Case No. A/29 to require Iran to meet its obligation of timely payment of its equal share of advances for Tribunal expenses when directed to do so by the Tribunal.

3. Since the period covered in the last report, there have been a number of developments in others of the remaining

cases pending before the Tribunal concerning claims between the governments of the United States and Iran. On September 1, 2003, the United States filed a 61-volume rebuttal in Case No. B/61, Iran's case against the United States concerning certain property allegedly titled to Iran that remained in the United States as of January 19, 1981. The United States continues to maintain that these claims are beyond the jurisdiction of the Tribunal and entirely without merit, and should be dismissed.

In addition, on September 22-24, 2003, the Tribunal held a preliminary hearing with respect to the counterclaim raised by the United States in Case No. B/1. The U.S. counterclaim is based upon Iran's breach of its obligation to secure classified equipment and information provided to the Government of Iran prior to 1979 under the now defunct Iran Foreign Military Sales program. Iran has contested the Tribunal's jurisdiction to hear this counterclaim, while the United States continues to assert that the counterclaim is squarely within the Tribunal's jurisdiction under the Algiers Accords. A decision from the Tribunal is presently awaited.

4. The Department of State continues to process payments to implement the February 22, 1996 settlement agreement related to the Iran Air case before the International Court of Justice and Iran's bank-related claims against the United States before the Tribunal. As of

September 30, 2003, the Department of State has authorized payments to surviving family members of 247 Iranian victims of the aerial incident, totaling \$61,950,000.00. The settlement agreement also provides for payments to U.S. nationals related to claims against Iranian banks. The Department of State has authorized payments to U.S. nationals totaling \$17,721,549.19 for 58 such claims.

5. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual and extraordinary threat to the national security and foreign policy of the United States. The Iranian Assets Control Regulations issued pursuant to Executive Order 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. I will continue to report periodically to the Congress on significant developments as required by law.



John W. Snow

Department of the Treasury

November __, 2003